



CompuGroup Medical

Group Tax Strategy

We create the future of e-health

GROUP TAX STRATEGY

Introduction to the Group Tax Strategy

"No one should suffer or die just because, at some point, somewhere, medical information is missing." This purpose was set by our founder, Frank Gotthardt, for CompuGroup Medical (CGM).

Since 1987, today's CGM has been working towards the vision of a digitalized healthcare system, relentlessly driving the development of new and crucial technologies to support and improve the work and lives of healthcare professionals and citizens.

CGM currently operates in 19 locations worldwide, employing approximately 9,000 staff and marketing products, solutions, and platforms in 60 countries.

(For further details, see www.cgm.com)

As a global company, CGM is aware of its responsibility as a taxpayer and follows a clear and responsible tax strategy.

Our goal is to operate transparently, fairly, and in compliance with the law in all the countries where we are active. As an economically oriented company, we are committed to establishing efficient structures in our business operations without resorting to aggressive tax avoidance practices. We strive to continuously improve our tax practices and work closely with tax authorities to ensure a high level of compliance and transparency.

To ensure tax compliance, CGM has a group tax department that, together with external advisors, manages CGM's tax function.

The group tax strategy applies to CompuGroup Medical SE & Co. KGaA and its domestic and foreign subsidiaries. These are legal entities in which CompuGroup Medical SE & Co. KGaA directly or indirectly holds more than 50% of the shares or voting rights.

The group tax strategy, approved by the management board, is based on the following principles:

1. Compliance and integrity

With the mandate to always act economically while developing new technologies, CGM complies with the applicable tax laws, administrative regulations of tax authorities, and current case law.

Proper fulfillment of our tax obligations, such as the submission of tax returns, documentation of tax matters, and reporting duties, is highly important. Our group tax department, supported by tax consulting firms, is tasked with ensuring compliance. Regular training for employees with tax-related responsibilities ensures the correct handling of tax matters and raises awareness of compliance with tax laws and regulations.

Additionally, CGM has begun the introduction of a Tax Compliance Management System (Tax CMS) and has implemented a tax reporting tool.

2. Responsible tax payments

As an important stakeholder in the healthcare sector, CGM pursues a responsible tax strategy. At the same time, CGM is an economically driven company that establishes efficient structures in its business operations without resorting to aggressive tax avoidance practices, such as:

- The use of offshore jurisdictions,
- Hybrid instruments or hybrid entities that lead to tax avoidance, double deductibility, or deduction and non-inclusion scenarios, and
- Use of entities without economic purpose.

3. Attitude to tax planning

CGM conducts tax planning based on solid economic considerations. Tax incentives, exemptions, and deductions granted to taxpayers through tax legislation and the practices of tax authorities are utilized. These include, for example:

- The establishment of tax groups,
- Application for subsidies and tax benefits for research and development, and
- Preservation and use of tax loss carryforwards.

4. Intra-group Relationships and Transfer Prices

With 19 locations worldwide, intra-group relationships are a daily reality at CGM. Intra-group transactions follow the principle of economic causation and appropriate, arm's length remuneration for services provided.

The basis for intra-group transactions is CGM's transfer pricing policy. The remuneration for services is at arm's length, taking into account the functional and risk profiles of the participating companies and the legal requirements for documenting intra-group transactions. This is in line with the OECD Transfer Pricing Guidelines.

CGM aims to tax profits where the value creation occurs.

5. Management of Tax Risks

CGM is subject to taxation in many countries. Local tax laws are often complex and require interpretation by management and tax authorities. Current developments at the EU and OECD levels add to the complexity of tax systems. At the same time, tax compliance receives high public attention.

To monitor and establish appropriate risk provisions, CGM proceeds as follows: The group tax department maintains regular contact with business units and is informed about developments that could have tax implications. Such developments and tax risks are analyzed and evaluated together with Group Risk Management. Matters that could lead to tax risks are reported to the management board to ensure effective risk management and avoid negative impacts on the company's value.

CGM seeks binding rulings in jurisdictions that provide this option to gain certainty about the tax implications of significant business decisions.

6. Relationship with tax authorities

CGM maintains constructive, cooperative, and respectful relationships with tax authorities and public institutions. In the event of disagreements, CGM aims to reach an agreement as far as possible and to utilize all options for a lawful resolution.

The collaboration is based on mutual respect, professionalism, and trustworthiness. CGM is aware that this requires a responsible interpretation of the applicable laws.

However, CGM reserves the right to defend its legal position in tax matters and to initiate legal action if necessary. In the case of double taxation issues, CGM seeks to cooperate with tax authorities and initiates mutual agreement or arbitration procedures.



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